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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 6, 2002

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

HARRY M. LANTZ

CASE NO. PUE-2002-00576

v.

MONTVALE WATER, INC.

PRELIMINARY ORDER

By notice dated August 20, 2002, pursuant to the Small Water or Sewer Public Utility Act (§ 56-265.13:1 et seq. of the Code of Virginia ("Code")), Montvale Water, Inc. ("Montvale" or the "Company"), notified its customers and the Commission's Division of Energy Regulation (the "Division") of its intent to increase its rates and fees effective for service rendered on and after November 1, 2002.

By November 1, 2002, the Division had received objections to the proposed rate increase from 77 customers, or approximately thirty-two percent (32%) of Montvale customers.

NOW THE COMMISSION, having considered the matter, is of the opinion, pursuant to § 56-265.13:6 of the Code, that a hearing should be scheduled on Montvale's proposed rate increase and that the Company's proposed rates and fees should be declared

interim and subject to refund. We find that Montvale should file certain financial documents for its operations on or before December 2, 2002. A procedural schedule establishing, among other things, the date of the hearing will be by separate order of the Commission.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE-2002-00576.

(2) Pursuant to § 56-265.13:6 of the Code, Montvale may implement its proposed rates and fees on an interim basis, subject to refund with interest, until such time as the Commission has made a final determination in this proceeding.

(3) On or before December 2, 2002, Montvale shall submit certain financial information to the Commission's Division of Public Utility Accounting. Such information shall include an income statement, balance sheet, customer consumption by month, cash flow statement based on utility operations for the calendar year ending December 31, 2001, the Company's most recent federal income tax return, and a rate of return statement, with work papers supporting all proposed adjustments to book amounts, which support the Company's proposed rate increase as required by the Commission's Rules Implementing the Small Water and Sewer Public Utility Act (20 VAC 5-200-40 et seq.).

(4) This matter shall be continued subject to further order of the Commission.